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Mr. Chairman, Mr. Vice Chair, and Committee members, I thank you for this opportunity to speak today. My name is Ken Droz, and I have started a marketing and consulting firm catering to the film industry after working over two years as the communications manager for the Michigan Film Office.

I have seen many things in the time since I returned to my native Michigan after working for nine years in the film industry in Los Angeles.

There have been many things said about this industry and about the film incentives. Some true, some not, and some outlandish pipe dreams.

Having worked in the Film Office I did see up close the benefits of this program, also, I will emphasize, some of the legislation's flaws.

Some things in this overall discussion are subjective, some are ideological, some are true, and some are not.

But what I do know pretty much as factual, is the following:

Throughout the last decade Michigan has lost almost a million jobs.

That the term 'recession' was used here far earlier and much more severe than the rest of the country was exposed to.

That in 2007-2008, the populace was basically calling out for something, anything to be done about it.

That the state had been dependent on one major industry far too long, and when it proved fallible, everyone was extremely vulnerable.

I do know that this program was agreed upon as A, not thee, solution that could address many of the problems faced.

I do understand when people ask why only this industry, and not others? As Rep. Pete Lund asked, for example, why not bicycles? Well there are only a hand full of bike manufacturers, but there are hundreds if not thousands film, television, and more importantly digital and interactive media producers in this country. Or, as a

Mackinac Center rep asked a week ago, 'why not incentivize orange groves?' On the morning he posed that question, literally four inches of snow were falling to the ground. No, not all industries are as adaptable, and provide as diverse benefits as this program does.

Maybe that is why the current film incentives law passed 147-1, with some of you here, and even the Lt. Governor all voting in favor of it.

I do know that since April 2008, over \$100 million has been invested by the private sector throughout the state – in studio development and construction, full time employees, equipment and other infrastructure to facilitate this industry. \$80 million dollars by the folks at Raleigh-Pontiac studios, with nine state-of-the art sound stages. \$10 million has been spent in Livonia at Maxsar Studios, and had been employing 50 people for almost nine months on projects. With the Governor's announcement, several layoffs occurred immediately, and future projects scheduled to shoot here now may not. Investors with millions of dollars on the line, are being assuaged, as a producer client told me, "Ken, the state of Michigan just told me to BLANK off. What am I supposed to do?"

I guess I pose that question to you all here today. What are these people supposed to do, after the state of Michigan invited, and courted these people to hire our citizens, invest in our state, and then have the entire rug pulled out from under them?

What does this do to the credibility of the entire state? When major networks like ABC and HBO have invested over \$35 million between them to showcase the Detroit area on prime time television. The other day I imagined a conversation between Walt Disney Co. CEO Bob Iger and Time Warner's CEO Jeff Bewkes. When they ask each other how was their experience, they are totally justified to say, "not good at all."

Now, imagine when they run into GE's Jeffrey Immelt, or the head of Kraft Foods, or any other Fortune 500 company, and the word, or environment comes up about Michigan. If you think the word 'trust' will be in full force, I think we have another thing coming.

I do know that the current law, while still on the books, has been completely halted without any discussion or debate from the entire legislature, nothing passed, and no new law signed. And when the Governor's budget was announced three weeks ago, all that activity was immediately put into jeopardy.

I know that with the governor's announcement, over a half dozen projects immediately went somewhere else, literally cancelling about a thousand jobs. At that announcement livelihoods and futures of thousands others were put into question immediately. Again, with no discussion, no debate, and no law passed. I ask you all – whether for this program or not - if you're comfortable with our democratic process being completely sidestepped like that.

I know that many, if not most colleges, universities and proprietary schools have also invested more than a million dollars collectively on new curricula, faculty and equipment to address the surge, if not spike, in interest in film and media studies programs. Enrollment has been increasing at these schools, including Michigan State's Telecommunications program surging 27% since the bill passed. Oakland University's small cinema program enrollment went up 100%.

Huge investments have been made by all these schools.

I do know that it's not just college graduates that are participating, as many blue collar and white collar workers have been re-training, or even applying entrepreneurial skills to this industry. A laid off Chrysler supplier employee is now a working makeup artist, who opened his own studio. A fellow who took a buyout from Ford started up his own magazine. In this day and age, of on line media, he started a PRINT PUBLICATION. An "A" for guts as well.

I know that about 2/3 of a billion dollars has been spent in this state in less than three years.

I do know that the film incentives spreads economic activity around in a democratized, and yes, somewhat random manner that can, and has arrived nearly every corner of Michigan in almost three years. From S. E. Michigan, to the thumb area, tri-city area near Flint, south to Monroe, and north to the U.P.

I do know that tourism can still be nurtured and increased if this program continues unfettered. I've mentioned this often, but when one film like SOMEWHERE IN TIME, creates an annual influx of well over a half million dollars a year, that spells potential. When out of towners from Hollywood – whether famous or not – experience the many attributes of Michigan, they are telling their peers and their publics, be it by word-of-mouth or even better, Twitter, as stars take in canoe trips on the Huron River, a Lafayette or American Coney Island, or a ball game at Comerica.

I do know that the tourism industry of Southern California was founded literally on the iconography of the film and television industry. And if we can get games shows and talk shows into the legislation, it could increase it even more, and more directly. How many people do you know who went to Chicago to be on Oprah? When I lived in L.A. I saw people lining Fairfax Ave. for A FULL DAY, just to show their adulation for of all people....Bob Barker.

I know that I have yet to hear Governor Snyder, in all his speeches, proposals or campaigning utter the word, "recession" once. And now, apparently, with his concept to balance the budget – with no specific description on addressing job creation – will just automatically, almost magically solve the state's ills.

It was not a perfect bill, I think we all agree on. And it is something the film industry has never said it was not open to re-visiting and improving it. In the MFO I did see how certain monies can be better retained in-state, and am working toward that goal as we speak.

The term "let's not throw the baby out with the bathwater" has been uttered many times in the last few months. After the governor's announcement though, that baby is in the middle of drowning. And it does not deserve as such.